PSJ10 Exh 33

IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF OHIO

EASTERN DIVISION

----------X

IN RE: NATIONAL PRESCRIPTION OPIATE LITIGATION,

MDL No. 2804

Case No. 17-MD-2804

This document relates to:

All Cases

Hon. Dan A. Polster

----------X

* * HIGHLY CONFIDENTIAL - SUBJECT TO FURTHER * *

* * CONFIDENTIALITY REVIEW * *

VIDEOTAPED DEPOSITION

OF

THOMAS P. NAPOLI

New York, New York

Thursday, January 17, 2019

Reported by:

ANNETTE ARLEQUIN, CCR, RPR, CRR, RSA

January 17, 2019

9:06 a.m.

Videotaped deposition of PURDUE PHARMA, through its representative, THOMAS P. NAPOLI, held at the offices of LIEFF CABRASER HEIMANN & BERNSTEIN LLP, 250 Hudson Street, New York, New York, pursuant to Notice, before Annette Arlequin, a Certified Court Reporter, a Registered Professional Reporter, a Realtime Systems Administrator, a Certified Realtime Reporter, and a Notary Public of the State of New York and New Jersey.

A P P E A R A N C E S:

ROBBINS GELLER RUDMAN & DOWD LLP
Attorneys for Plaintiffs
655 West Broadway - Suite 1900
San Diego, California 92101
BY: THOMAS E. EGLER, ESQ.
Tegler@rgrdlaw.com
BY: KELLI BLACK, ESQ.
Kblack@rgrdlaw.com

MORGAN, LEWIS & BOCKIUS LLP
Attorneys for Teva Pharmaceuticals
1111 Pennsylvania Avenue NW
Washington, D.C. 20004-2541
BY: STEVEN A. LUXTON, ESQ.
steven.luxton@morganlewis.com
BY: MARYANN B. ZAKI, ESQ.
Maryann.zaki@morganlewis.com
(Teleconferenced)
BY: ARCANGELO CELLA, ESQ.
Arcangelo.cella@morganlewis.com
(Teleconferenced)

A P P E A R A N C E S(CONT'D.):

JONES DAY
Attorneys for Walmart
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114-1190
BY: ADAM HOLLINGSWORTH, ESQ.
Ahollingsworth@jonesday.com

KIRKLAND & ELLIS LLP
Attorneys for Allergan Finance LLC
300 North LaSalle
Chicago, Illinois 60654
BY: TIMOTHY KNAPP, ESQ.
Timothy.knapp@kirkland.com

FARRELL FRITZ P.C.
Attorneys for Cardinal Health
400 RXR Plaza
Uniondale, New York 11556
BY: KEVIN P. MULRY, ESQ.
Kmulry@farrellfritz.com

A P P E A R A N C E S(CONT'D.):

ARNOLD & PORTER KAYE SCHOLER, LLP
Attorneys for Endo Pharmaceuticals, Inc.
and Endo Health Solutions, Inc.
601 Massachusetts Ave., NW
Washington, D.C., 20001-3743
BY: SEAN HENNESSY, ESQ.
Sean.Hennessy@arnoldporter.com
(Teleconferenced/Internet realtime))

GIBBONS, P.C.
Attorneys for AmerisourceBergen Drug Corporation
One Pennsylvania Plaza - 37th Floor
New York, NY 10119-3701
BY: PAUL E. ASFENDIS, ESQ.
Pasfendis@gibbonslaw.com
(Teleconferenced/Internet realtime)

A P P E A R A N C E S(CONT'D.):

O'MELVENY & MYERS LLP
Attorneys for Janssen Pharmaceuticals
Two Embarcadero Center, 28th Floor
San Francisco, CA 94111
BY: TRISHA PARIKH, ESQ.
Tparikh@omm.com
(Teleconferenced/internet realtime)

ROPES & GRAY LLP
Attorneys for Mallinckrodt
1211 Avenue of the Americas
New York, New York 10036-8704
BY: JUSTIN MANN, Law Clerk
Justin.Mann@ropesgray.com
(Via internet realtime)

ALSO PRESENT:

ERIK DAVIDSON, Videographer

during my time with those facilities, I eventually took on the responsibility for controlled substance compliance within an operational setting. So, so we did manufacture controlled substances at the manufacturing site.

And then eventually -- after seven years in that position, there was a consolidation within the organization, so we were transitioning, closing the facilities that I was supporting, moving some of our easier to replicate products and Schedule III through V substances to a facility in India and also some Schedule II products to our Corona facility in California. And our distribution center was folded into our distribution center in the Chicago area based -- after the consolidation, I took a position in Morristown, New Jersey, at our corporate headquarters, where I was a -- the -- had made an organizational decision to fold the DEA compliance function from -- transition that from quality into the operations group because of the synergies of -- with security -- with security and the DEA regulations, because of my background with DEA compliance and really

doing a good job, a very good job with the program and having a good relationship with DEA and having a high-functioning program, they asked me to take on responsibility for a larger role of DEA compliance at their headquarters location.

Q. All right. So as we're going through today, the court reporter is going to type down everything that you say.

A. Sure.

Q. And so if we have a complicated word or if we have a long statement, I want you to speak freely, but if you can pace yourself just so we make sure we get a good record.

A. Sure, sure.

Q. So as you think about the time where you moved to New Jersey, about what time frame was that?

A. 2009.

Q. And when you moved to New Jersey, as you think of it, what was -- do you remember what your job title was?

A. Manager of security and controlled substance compliance, I believe, or something to

that --

Q. Okay. And you had mentioned that the Schedule III through V drugs that Watson made had been -- let me start over.

You had mentioned that the manufacturing center for the Schedule III through V controlled substance drugs that Watson made had been moved to India.

A. Some of the easier to replicate, like single-entity products, immediate-release products. Some of the more technological, you know, controlled, sustained-release products, those probably wouldn't go over, but...

Q. Do you remember whether -- well, let me start over.

Do you remember where Watson's Schedule II controlled substances were manufactured, if anywhere?

A. Corona, California, would have been one of the prime locations.

Q. As part of your job, did you -- let me start over.

In 2009, as part of your job, were you the head of security group for or did you

management for the United States region.

Q. Is Boehringer-Ingelheim based in the United States?

A. We have a U.S. headquarters in Ridgefield, Connecticut, but our corporate headquarters is Ingelheim, Germany.

Q. With regard to Boehringer-Ingelheim, do they manufacture or market any Schedule II controlled substance?

A. No, sir, no controlled drugs in the portfolio.

Q. So as we move on today, we're going to be talking about some terms and names. I just want to go through them with you initially so we can get a common understanding.

A. Sure.

Q. One of the terms that's going to come up today is "Suspicious Order Monitoring" or "SOM" or "SOMS."

What does that mean to you?

A. Suspicious Order Monitoring is a, to me, it's a holistic program that is mandated through DEA requirements to ensure that you're ensuring that your products are not winding up

in illicit channels; that you have safeguards in place to ensure that you know your customer and that you are monitoring ordering behavior of your customers to prevent illegal diversion.

Q. And then another term that we're going to talk about a little bit is N-J-P-I-G, the New Jersey Pharmaceutical Industry Group.

Have you ever heard of that?

A. I have.

Q. What is --

A. I'm part of it.

Q. What is that?

A. That was a group of New Jersey-based, for the most part, controlled substance manufacturers that we met on a regular basis to, you know -- because something, you know, like DEA compliance or controlled substance compliance is not something that is a proprietary thing; it's something that we, you know, collaborate on as an industry as much as we can. So it was a forum in which we could exchange ideas and share best practices, as well as identify opportunities to partner with our local DEA and find opportunities where we could

work together to, to prevent diversion.

Q. So could you pronounce the acronym NJPIG, how you would say it?

A. NJPIG. It's kind of an awkward acronym so, yeah.

Q. Right.

So -- and then the next one that we are going to talking about is a thing called chargebacks, chargebacks data.

Do you know what that is?

A. I do have an understanding of what chargeback is, yeah.

Q. Okay. What is a chargeback?

A. Chargeback is a -- and I'm -- and this is more layman's terms because I'm not a commercial side of the house kind of person, but to my understanding, chargeback is when a customer or -- has a negotiated price with you, and if they were to purchase your product from someone at a higher price, they would submit a chargeback for a rebate for the difference in that cost.

Q. All right. And then the next one is a -- it's actually two, because I think it

changes through time. It's IMS and IQVIA data.

Are you familiar with that?

A. I'm familiar with IMS.

Q. What is IMS, as you think of it?

A. IMS is an organization that deals in data and gathering industry data and providing that data to industry. Largely used by our sales and marketing groups.

Q. All right. So today --

MR. EGLER: Can we go off the record for one second?

THE VIDEOGRAPHER: The time is approximately 9:21 a.m. We are going off the record.

(Off the record.)

THE VIDEOGRAPHER: We are back on the record. The time is approximately 9:22 a.m.

BY MR. EGLER:

Q. Mr. Napoli, as we move through today, I'm going to be handing you documents. To the extent -- well, every document that I'm going to hand to you has been produced in this litigation.

identification, as of this date.)

BY MR. EGLER:

Q. Mr. Napoli, I've just handed you what we will mark as Exhibit 7.

Can you look through it? And as you're looking through it, I'll read into the record the Bates numbers. ALLERGAN_MDL_01236097 and 6098.

And when you're ready, can you tell me what this appears to you to be?

A. It looks like it's a document in reference to a DEA request for a placebo product and setting them up within our distribution system as a customer to receive a no charge.

Q. Right.

As you think about that, an entity that is being set up as a customer, is that the DEA?

A. Yes.

Q. So at the earliest email in time on this exhibit, and it's at the bottom of the first page, you write to Scott Soltis.

A. Um-hmm.

Q. I think we've talked about him

before.

A. Um-hmm.

Q. Who is Scott Soltis?

A. Scott was our executive director of securities and DEA affairs.

Q. So was he on an organizational chart above you or below you.

A. Above me. He was responsible for security and DEA compliance for the organization.

Q. And then you cc Gary Stewart?

A. Yes.

Q. Who is Gary Stewart?

A. Gary Stewart was our supply chain security manager based out of Gurnee, Illinois, distribution center.

Q. And then Ed J. Grover?

A. Yes.

Q. Who is Mr. Grover?

A. Ed Grover was our head of distribution in Gurnee, Illinois.

Q. And you write, "Scott, in regards to the recent DEA request for product, I would suggest the following course of action: Special

Agent Warpness should provide the request for product on official letterhead," and then in parentheses, "include reg number," close parentheses, "and fax to Watson DEA affairs. But if time is of the essence, I would suggest fax going to Gary at the DC since most of us will be at the DEA conference this week."

Do you remember going to a DEA conference in April of 2010?

A. Yeah. I've been to many of them.

Q. And you say, "Faxing to Gary at the DC."

What does that mean?

A. If I'm going to be out of the office, it probably would make sense, if this DEA agent wants the placebo as soon as practical, send it directly to our security manager in the distribution center so the process can be, the request can be processed without delay.

Q. All right. And then Scott Soltis writes back on the same day, April 12, 2010, and that is the email above.

A. Um-hmm.

Q. He says, "FYI, I just talked to